

Treasury Retail Securities

Date: February 15, 2012

Subject: **Important Notice: Treasury to Stop Paying Fees for Redeeming Savings Bonds Beginning April 11, 2012; Image-enabled Processing Begins April 16, 2012**

To: U.S. Savings Bond Agents

The U.S. Department of the Treasury plans to discontinue paying fees to U.S. Savings Bond agents for redeeming savings bonds as of April 11, 2012. Bonds must be received by the [Treasury Retail Securities site](#) at the Federal Reserve Bank of Minneapolis by 12:30 p.m. CT on April 10, 2012, in order to receive an EZ Clear redemption fee. This change coincides with the move of redeemed bond processing from EZ Clear to image-enabled bond processing, which will occur on April 16, 2012. The EZ Clear Program will be decommissioned following the transition.

Agents currently are paid 30¢ for each redeemed savings bond submitted in a separately-sorted cash letter. By eliminating these fees, Treasury expects to realize significant savings. In addition, the transition to image-enabled processing provides financial institutions with a more streamlined and cost-effective alternative for processing redeemed bonds. Financial institutions can leverage the efficiencies of electronic check processing while eliminating the manual task of mailing redeemed bonds to the Treasury Retail Securities site for clearing.

While use of the new image-enabled process for eligible savings bonds is strongly encouraged, it is not required. **Paper savings bonds will only be accepted in separately sorted paper cash letters.** Please visit the [Image-enabled Savings Bond Processing Resource Center](#) for more information.

We encourage you to continue redeeming savings bonds for your customers. There are currently more than 679 million paper bonds worth \$180 billion dollars in the hands of the public. Your organization remains a valued partner with Treasury, and we appreciate your continued commitment to our programs.

For your convenience, we are providing a set of frequently asked questions about the fee change. If you have further questions, please contact us at (800) 553-2663.

Sincerely,



Kelly A. Bernard
Vice President
Treasury Retail Securities
Federal Reserve Bank of Minneapolis



Paul V. Crowe
Assistant Commissioner
Office of Retail Securities
U. S. Treasury, Bureau of the Public Debt

Eliminating Paying Agent Fees Frequently Asked Questions

What is changing?

The U.S. Department of the Treasury plans to discontinue paying fees to U.S. Savings Bond agents for redeeming savings bonds as of April 11, 2012. Bonds must be received by the [Treasury Retail Securities site](#) at the Federal Reserve Bank of Minneapolis by 12:30 p.m. CT on April 10, 2012, in order to receive an EZ Clear redemption fee.

This change coincides with the move of redeemed bond processing from EZ Clear to image-enabled bond processing, which will occur on April 16, 2012. The EZ Clear Program will be decommissioned following the transition.

When will this change take place?

The U.S. Department of the Treasury plans to end paying agent fees as of April 11, 2012. Bonds submitted for processing through EZ Clear must be received by the Treasury Retail Securities site by 12:30 p.m. CT on April 10, 2012, in order to receive fees.

Why is Treasury eliminating the paying agent fees?

Beginning April 16, 2012, financial institutions will be able to submit most savings bond redemptions using image-enabled processing, which provides financial institutions with a more streamlined and cost-effective alternative for processing redeemed bonds. By eliminating paying agent fees, Treasury expects to realize significant savings.

When will final fees be paid?

For bonds received by the [Treasury Retail Securities site](#) at the Federal Reserve Bank of Minneapolis by 12:30 p.m. CT on April 10, 2012, we will follow our normal cycle for the final round of paying agent fees, and you should not experience a delay.

Why should financial institutions continue to redeem bonds?

Redeeming savings bonds is a valuable service for your customers. There are currently more than 679 million paper bonds worth \$180 billion dollars in the hands of the public. Customers who redeem bonds have cash in hand to direct to other products and services offered by their financial institutions.

Does this change any of the requirements for paying agents?

No. The terms set out in each organization's Paying Agent Agreement remain in effect.

Can agents charge customers for redeeming savings bonds once fee payments end?

No. The regulatory prohibition on charging for this service remains in effect.

Is there someone we can contact for more information?

For more information, please contact the [Treasury Retail Securities site](#) at (800) 553-2663.